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Date: 9/14/2006 12:30:33 PM
Subject: PMC / Willow Creek Mine Phase I and Phase III bond release / Prep. plant area & Barn Canyon Shaft Facility

Hi all:

The above OSM-DFD bond release concurrence letter (attached) should go out of here today.

Thank you all for the supporting documentation.....best wishes.....Henry.

Henry Austin

Senior Reclamation Specialist

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September 15, 2006

John R. Baza, P.E., Director
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple
Suite 1210, PO Box 145801
Salt Lake City, UT 84114-5801

**RE: Phase I and Phase III Bond Release, Plateau Mining Corporation,
Willow Creek Mine, Refuse Pile and Preparation Plant Areas,
Utah Permit No. C/007/038**

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Western Region (WR), Denver Field Division's (DFD) receipt and review of the above Phase I and Phase III Bond Release State Decision Document (decision) prepared by the Division of Oil, Gas, and Mining (OGM) dated July 20, 2006. DFD agrees with the findings in the decision and hereby provides OSM concurrence for this bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX, of the State-Federal Cooperative Agreement.

A thorough summary of the operational and reclamation history of the mine are accurately captured in the OGM decision. The required public, governmental agencies, and landowner notifications of the bond release application were provided by the permittee (Plateau Mining Corporation, or PMC, is the surface land owner of the areas proposed for release) and are documented in the bond release application.

The bond release inspection notifications provided by OGM are documented in the decision, the inspection report for the bond release inspection conducted by OGM on May 11, 2006, and related correspondence. OSM, the Bureau of Land Management (BLM), and adjacent landowners were notified of the bond release inspection. OSM and BLM participated in the inspection.

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OSM has reviewed the OGM bond release inspection report; and OSM's Mine Site Evaluation Inspection Report is dated May 11, 2006. OSM's inspection report is available in the DFD offices or upon request.

BLM concurred with the decision in a letter dated May 16, 2006 (copy enclosed). No comments on the bond release application were received by OGM from the public, governmental agencies, or adjacent landowners.

The Phase I bond release request applies to the backfilling, grading and surface water runoff control of the former refuse pile and the Barn Canyon Shaft Facility (no disturbance in Barn Canyon-shaft facility was never constructed) which is approximately 49.1 acres. Phase I bond release criteria were met or exceeded by the permittee on this acreage.

The Phase III bond release request applies to approximately 46.2 acres consisting of the reclaimed preparation plant area and related structures. The OGM approved an alternative post mining land use change to industrial uses for this acreage and structures on April 13, 2004. This OGM approval included retention of structures including the warehouse / bathhouse / office, lab building, substation, access roads, raw water pond, and pump house. There were no objections to the retention of these structures during the bond release inspection, and no comments were received by OGM. The Price River Water Improvement District will utilize the structures approved for retention.

The findings necessary to support the retention of these structures are found in the OGM's July 20, 2006, State Decision Document, and additional information provided by the applicant as a result of the bond release inspection. The additional information includes a June 12, 2006, letter describing the raw water pond specifications and providing an RPE certification for the raw water pond; and a May 30, 2006, letter from the Price River Water Improvement District documenting their commitment to take over responsibilities for the operations and maintenance of the raw water pond and primary roads 1, 2, 4, and 5.

OGM's decision demonstrates the applicant's compliance with the Utah approved regulatory program at Rule R645-301-800, Bonding and Insurance. Bond release criteria found in the above regulatory provision(s) have been met or exceeded by the permittee.

OSM concurs with OGM and BLM on this Phase I and Phase III bond release as described above.

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This Phase I bond release applies to the backfilling, grading and surface water runoff control of the former refuse pile and the Barn Canyon Shaft Facility which is approximately 49.1 acres. Phase I bond release criteria were met or exceeded by the permittee on this acreage, and \$ 632,000 (60% of the \$1,054,000 bond amount approved for this area) is approved for release.

The Phase III bond release applies to approximately 46.2 acres consisting of the reclaimed preparation plant area, and retained structures including the warehouse / bathhouse / office, lab building, substation, access roads, raw water pond, and pump house. Phase III bond release criteria have been met or exceeded by the permittee and \$1,503,000 is approved for release. That amount represents a 100% release of bond monies and liability for this area as described above.

Thank you and your staff for coordinating this federal lands bond release through the DFD. Please direct any questions concerning this action to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 844-1440 x1446.

Sincerely,

James. F. Fulton, Chief
Denver Field Division

Enclosure

Cc: Plateau Mining Corp.
BLM, Salt Lake City, UT